The Smartest Growth Stocks to Buy With $20 Right Now and Hold Forever

Description

A year-end rally is not likely to happen, although it doesn't mean there are no buying opportunities this month. If you have high expectations for the TSX in 2023 but are not willing to spend that much, consider buying **Innergex Renewable Energy** (TSX:INE) or **Softchoice Corporation** (TSX:SFTC).

While both growth stocks are underperforming, you get value for money at their current prices. More importantly, because of their long-growth runways, you can hold them for the long haul.

Aiming for a better world

Innergex Renewable Energy develops and acquires renewable energy assets (Chile, France, and the U.S.). The $3.4 billion independent renewable power producer owns and operates hydroelectric facilities, wind farms, solar farms, and energy storage facilities.

If you invest today, the share price is $16.83 (-6.82% year to date), while the dividend offer is a lucrative 4.28%. Management strongly believes that generating power from renewable sources will lead the way to a better world.

In Q3 2022, revenues increased 40% year over year to US$258.4 million, while net earnings reached US$20.9 million compared to a US$23.64 million net loss in Q3 2021. Innergex President and CEO Michel Letellier said management would continue to advance its prospective portfolio and development projects, which should help reach its growth and financial targets.

Building a workplace for tomorrow

Many investors expect the tech sector to rebound in 2023 when the rate hike cycles to curb inflation end. However, don't expect **Shopify** or **Lightspeed Commerce** to make swift comebacks. Instead, the lesser-known Softchoice Corporation could steal the thunder from the e-commerce companies.

The $1 billion company is a software-focused IT solutions provider that helps clients move to the cloud, build a workplace for tomorrow, and create success for their customers and people. At $17.23 per share, the tech stock is down 18.3%. However, the 2.09% dividend should compensate for the temporary weakness.

President & CEO, Vince De Palma, said Softchoice's growth investments are bearing fruit and driving deep customer engagements. In Q3 2022, gross sales increased 27.7% to US$544.6 million versus Q3 2021, although the net loss widened 264% year over year to US$8 million. Nonetheless, adjusted net income rose 59.9% to US$8.7 million from a year ago.

De Palma said, "We recorded a strong third quarter of organic growth driven by continued demand for our Software & Cloud IT solutions in our public cloud, security and workplace portfolios." Notably, the customer base grew nearly 2% to 4,718 from year-end 2021.

According to management, global macroeconomic conditions, particularly rising inflation and interest rates, translate to higher costs. Fortunately, price increases by Softchoice's technology partners don't impact gross profit materially because the company can pass the increases to customers. Another encouraging sign is the 116% increase in revenue retention rate in the trailing 12 months.

Alphabet (Google), **Microsoft**, **Lenovo**, and **Amazon** Web Services are among the big-name tech partners. Moreover, Softchoice has been a longstanding partner of **Cisco**.

Growth investing

Innergex Renewable and Softchoice are exciting prospects for growth investors. Expect the former to play a vital role in the transition to a clean economy. Meanwhile, the latter's growth trajectory should continue with the ever-growing demand for cloud computing services.

CATEGORY

1. Dividend Stocks
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2. TSX:SFTC (Softchoice Corporation)

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